

LAND BOARD AGENDA ITEM

October 2007

PRELIMINARY APPROVAL FOR LAND BANKING ACQUISITION

Proposed Acquisition

The property known as the Vandalia Ranch containing approximately 4,783 acres has been identified as a potential acquisition. These acres include 507 irrigated, 63 CRP, 820 bottoms/dry/habitat, 3,393 grazing acres. The Department is discussing opportunities for partnering with DFWP in the acquisition of this property. The property will likely be valued between \$4,000,000 and \$5,000,000.

Selection Considerations

The Department has conducted a review of the tracts nominated for acquisition per Administrative Rule 36.25.813 (3). Acquisition selection forms were also completed for the recommended properties.

Access: All tracts are accessed via a county road. If all tracts are purchased, publicly accessible state lands access in Montana will be increased by 4,783 acres.

Revenue: The predicted annual rate of return, over a 20 year period is estimated at 1.5% to 3.75%, depending on purchase price and amount contributed by DNRC.

Multiple Use: The tracts have a variety of natural resource uses ranging from riparian, agricultural and grazing purposes. This property offers wildlife habitat, hunting, fishing and other recreational opportunities.

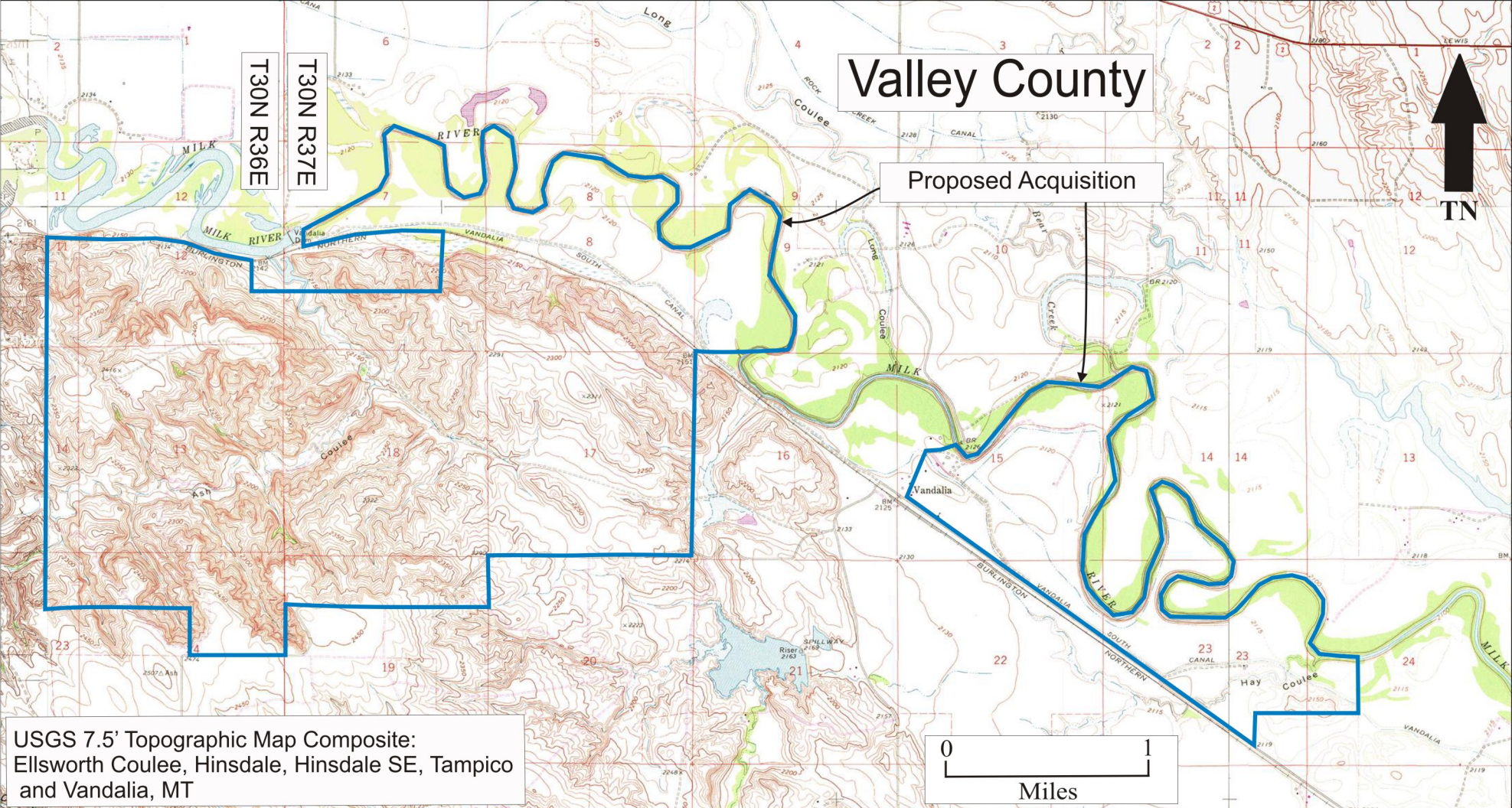
Location: The property is 10 miles southeast of Hinsdale and 15 miles northwest of Glasgow with over 7 miles of frontage on the Milk River.

Cooperation: DNRC has worked cooperatively with the Department of Fish Wildlife and Parks, special interest groups, and counties to identify tracts for possible acquisition.

Upon preliminary approval, DNRC will continue to pursue the acquisition of this property by working with FWP. Steps in this process include securing a purchase agreement contingent upon findings of the due diligence as per Land Banking rule ARM 36.25.813 through 815, Due diligence includes a detailed inventory report of the property, appraisal, Phase 1 hazardous materials study, an in-depth financial analysis, and a survey, if needed, followed by final Land Board approval.

Agency Recommendation:

The Department recommends preliminary approval of the Vandalia Ranch for further consideration for acquisition.



Valley County

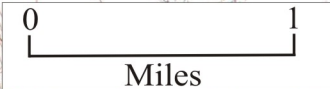
Proposed Acquisition

TN

T30N R36E

T30N R37E

USGS 7.5' Topographic Map Composite:
Ellsworth Coulee, Hinsdale, Hinsdale SE, Tampico
and Vandalia, MT



Vandalia Ranch

\$4-5 Million

Location: At Vandalia, MT, approximately 12 miles northwest of Glasgow, MT, all lands located in Valley County.

Acreage: 4,783.0 Deeded

Carrying Capacity: The grazing lands are capable of annually supporting 250 cow/calf pairs for six months. The agriculture land will produce an estimated 3,000 tons of hay. Corn, alternative crops, and small grain crops have been raised on the irrigated lands.

Crop Land: The agriculture soils are capable of producing an estimated 2500-3000 tons of hay, when in full production. Recently vast amounts of the agriculture land has been utilized as irrigated and dry land pasture. Due to the use of these lands as pasture, agriculture production is not based on past history.

Stock Water: Milk River, Ash coulee, irrigation canal, wells, are scattered throughout the property.

Irrigation: The properties are within the Valley County Irrigation District project. In total there are 135.3 primary Valley County Irrigation District water rights. There are an additional 291.6 acres of Bureau of Reclamation irrigation rights tied to the property that the Valley County Irrigation District provides water for. Collectively, a total of 426.9 acres are legally irrigatable.

Timber: N/A

Fencing: The perimeter of the property is fenced. The uplands are fenced in four separate pastures. The bottoms are fenced in order to keep livestock off of the hay producing lands during the growing season.

Improvements: House, corrals, quonset, fences, wells, irrigation canals (supply and drains), turn outs, improved pasture, and leveled irrigation lands.

County/Taxes: \$4,969.52

Precipitation: 10-12 inch precipitation zone.

The property known as the Vandalia Ranch containing approximately 4,783 acres has been identified as a potential acquisition. Acres include 427 irrigated agriculture acres, 410 dry



Vandalia Ranch

land hay acres, 63 CRP, 820 bottoms/dry/habitat, 3,393 grazing acres. The Department is discussing opportunities for partnering with DFWP in the acquisition of this property. The property will likely be valued around \$4,300,000.00.

This property has not been available for public recreation for a lengthy period of time. The State's acquisition of the property would provide ample recreational opportunities for fishing, hunting, bird watching, hiking and other outdoor opportunities. The property has legal access via county roads.

The landscape provides unique wildlife opportunities. Through proper grazing management practices, riparian restoration will benefit neotropical migrants, turkeys, fish, deer, and other non-game species. The native uplands provide sage grouse habitat.

The property has approximately 11 miles of frontage of the Milk River. A mature riparian corridor is presented adjacent to the Milk River. This corridor supports cottonwood, ash, elm, snow berry, chokecherry and other mesic woody species. Old oxbows support large 100+ year old cotton wood trees. Tree corridors dissect the fields. This property is very unique and valuable for wildlife, clean water, and farming and ranching.

Parts of Sections 11, 12, 13, 14, and 24, T30N R36E, Valley County and Parts of Sections 7, 8, 9, 14, 15, 17, 18, 19, 22, 23, and 24, T30N R37E, Valley County.



Vandalia Ranch

Vandalia West (3,996 Deeded)

Township 30 North, Range 36 East, Valley County

- Lots 9, 10, N2SE4 Section 11
- Lots 13,14,15,16,17, N2SW4,
Less 4 AC RR Section 12
- ALL Section 13
- E2 Section 14
- NE4, NE4NW4 Section 24

Township 30 North, Range 37 East, Valley County

- Lots 6,7,9,SW4NE4, Less 15
AC RR (Formally Anderson's) Section 7
- Lots 10 (NE4SE4), 14,15
(SE4SW4), 16 (SW4SE4),17,
(SE4SE4) Section 7
- Lots 5,6,7,8,9, SW4NE4, S2 Section 8
- Lots 4,5,8,9, W2SW4, Less 1
AC RR Section 9
- Lots 1,2,3,4,5,6,7,8,9,
NE4SW4, NE4, N2SE4 Section 17
- Lots 1,2,3,4,5,6,7, SE4NW4,

E2SW4, S2NE4, SE4 Section 18

- Lots 1, NE4NW4, N2NE4 Section 19

Vandalia East (787 Deeded):

Township 30 North, Range 37 East, Valley County:

- Lots 2,3 Section 14
- Lots 6,9 Section 14
- Lots 7,8,9,10,11, W2SE4,
SE4NE4, PT NW4SW4,
PT SE4SW4, Tract,
COS #320-RB, M-23737 Section 15
- A M&W Tract in NE4NW4,
NW4NE4, SE4NE4 (L.3),
Lot 2, See bk. 145 pg. 456 Section 22
- Lots 3, 5, 6, Less 3 AC RR Section 23
- Lot 9 Section 23
- Lots 8,10, NW4SE4,
PT NE4SE4, PT SW4SE4,
NW4SW4, PT NE4SW4,
North of RR Section 23
- Lot 11, Less COS #330,
M-23907 Section 24

